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REGISTRATION OF INDUSTRIAL AND COMMERCIAL  
ENTERPRISES IN SHANGHAI, 1950

[Comment: The following information on registration of Shanghai enterprises in April 1950 is taken from the Chinese monograph Shanghai Shi Kung-shang Teng-chi Shou-ts'e (Handbook on the Registration of Industrial and Commercial Enterprises in Shanghai), published in Shanghai in 1950.]

To gain an understanding of the actual state of Shanghai's industry and commerce, to protect the interests of legitimate trade, and to build up the economy of the new democracy, the Industry and Commerce Bureau of the Shanghai Municipal People's Government promulgated "Provisional Procedures for the Registration of Commercial and Industrial Establishments in Shanghai." The government has decided that, beginning in April 1950, all commercial and industrial establishments shall be registered in turn. This event gives Shanghai business circles an opportunity to set their trade unions in order.

The war of liberation effected such great changes in the industry and commerce of Shanghai that statistical data on hand are no longer factual. For instance, old statistics give the total number of industrial establishments as over 14,000, commercial establishments as over 90,000. After the liberation some of these firms ceased to operate, while others converted to different trades, and some new business enterprises were set up. The original statistics are no longer accurate. As for the internal conditions of plants and shops, there have been changes in total assets and equipment, production and circulation figures, number of employees, investors and business managers, etc. Therefore, the registration of all commercial and industrial establishments is the initial step in obtaining a clear and up-to-date picture of the conditions of industry and commerce.

To protect the interests of legitimate trade and develop the economy of the new democracy, the government must know the actual conditions of industry and commerce. For example, illegitimate operations, such as manipulation of the market and business establishments which exist in name only, interfere with the interests of legitimate businesses. Nevertheless, to assimilate or convert them methodically, the actual conditions must be known. Likewise, if the government is to help private enterprises solve their problems, whether by granting loans, contracting for or buying up goods, providing technical supervision, or moving plants, it must understand the actual conditions.

To gain an understanding of the general conditions of industry and commerce, the Industry and Commerce Bureau will issue survey forms to be completed by all business concerns. These forms will be issued during the registration period. Because the task of registering and investigating Shanghai's approximately 10,000 business concerns cannot be done by the bureau alone, it has asked the preparatory committees of the respective industrial trade unions to help. All such committees should assume this responsibility, considering it a vital public duty. The preparatory committees will be responsible for registration of union members and investigation of their respective trades.

In connection with the registration of union members, the trade-union council has promulgated the "Interim Procedure for the Reregistration and Investigation of Union Members by the Various Industrial Trade Unions." This procedure is patterned after the principles set forth in the "Interim Procedure for Shanghai Industrial and Commercial Registration," which was drawn up by the Industry and Commerce Bureau. Article 3 stipulates that members of industrial trade unions shall have passed the registration requirements of

STAT

the bureau. However, an industrial or commercial establishment that has not registered may apply for membership by showing its Central People's government tax receipt, provided that the establishment was organized before the promulgation of the interim registration procedure, and provided that its registration date has not expired. Its membership in the industrial trade union will not be certified until its application for registration with the Industry and Commerce Bureau has been approved.

Besides accepting the responsibility to help the Industry and Commerce Bureau, the preparatory committees are expected to impress on the members of their respective trade unions the importance of giving accurate information, to offer help in filling out registration forms, and to make corrections before submitting the applications to the Bureau. -- Chu Kung-chien

Interim Procedures for Shanghai Industrial and Commercial  
Registration

(Promulgated by the Shanghai Municipal People's Government,  
28 Mar 1950)

Article 1. These articles of procedure are drawn up to gain an understanding of the condition of Shanghai's industry and commerce, to protect the interests of legitimate trade, and to develop the economy of the new democracy.

Article 2. All state-operated, privately operated, and public-private jointly operated industrial and commercial enterprises that have a fixed location in Shanghai shall apply for registration with the Industry and Commerce Bureau of the Shanghai Municipal People's Government (hereinafter referred to as the Bureau).

Article 3. The registration of industry and commerce shall proceed as follows:

1. Establishments employing laborers and power machinery in production shall apply for registration as industries.
2. Establishments merely employing labor in production shall apply for registration as handicrafts.
3. Establishments engaged in the buying and selling of merchandise, or in other specific exchange, shall apply for registration as commercial establishments.
4. Establishments engaged in both industry and commerce shall file separate applications for industrial and commercial registration.

Persons desiring to set up a business or industry shall apply for industrial and/or commercial registration after having been approved by the administrative agency that controls the prospective business or industry.

Article 4. New industrial and commercial establishments shall apply for opening registration 20 days before their scheduled opening dates.

Registration applications of commercial and industrial establishments filed with the pseudo government [i.e., Kuomintang] prior to the promulgation of this procedure shall be considered applications for permission to open.

STAT

Article 5. Persons who shall execute the applications are designated as follows:

1. The person with final responsibility in a state-operated or public-private jointly operated enterprise.
2. The capital investor of a sole proprietorship.
3. The managing partner of a partnership.
4. A trustee, comptroller, or managing stockholder of a corporation. A person applying for registration by proxy shall issue a proxy certificate.

Article 6. Industrial and commercial enterprises applying for opening registration shall submit the following information:

1. Name of plant or firm.
2. General classification (as industry, handicrafts, or commercial firm).
3. Primary and secondary business operations.
4. Nature of operation (state-operated, public-operated, privately operated, or public-private jointly operated).
5. Type of organization (sole proprietorship, partnership, or corporation).
6. Address.
7. Names and addresses of branch establishments and/or headquarters.
8. Date founded.
9. Trade unions of which establishment is a present (or prospective) member.
10. Capital.
11. Land area and number of buildings.
12. Present or proposed number of employees.
13. Capital investors -- their names, addresses, ages, and native origins, and amounts subscribed.
14. Business executives -- their official titles, names, ages, addresses, native origins, and length of experience in the business.
15. Name of one guarantor firm (not required of state-operated enterprises). Industrial and commercial firms established before the promulgation of this procedure may be certified by their respective trade unions.
16. Name of person executing the application.

Real names of capital investors must be given; hidden names, nicknames, and designations of consanguinity may not be used. Capital investors that are organizations must be registered and approved by the administrative agency that controls the particular type of enterprise.

Article 7. The following documents must accompany applications for registration:

1. Completed survey forms.

STAT

2. Documentary evidence of partnership, or the corporation bylaws.
3. A prospectus.
4. Evidence that capital in the amounts stated has been submitted in full.
5. One photographic copy each of permits issued by government administrative agencies and registration papers issued by the former pseudo government.

Article 8. Shanghai industrial and commercial enterprises with headquarters or branch offices outside of Shanghai shall submit documentary evidence that such headquarters and branch offices have duly registered with control agencies in their respective areas.

Article 9. Plants and firms in Shanghai may not use names identical or similar to those in the same business and already registered (cases with special permission excepted).

Article 10. Foreign nationals operating industries or businesses in Shanghai shall submit registration applications to the Foreign Affairs Department. Industries and businesses operated by foreign nationals must have at least one investor residing in Shanghai. Managers of Shanghai branches must be persons residing in Shanghai.

Article 11. Industries and businesses established before 27 May 1949 shall adjust their capital to the reappraised value of their real assets, or augment the same with ready cash.

Article 12. Industries and businesses established before the promulgation of this procedure shall report capital invested by bureaucrats and war criminals, if any.

Article 13. Industries and businesses failing to open within 2 months after receipt of a registration certificate shall apply for a cancellation of the registration, paying the cancellation fee (cases granted permission for deferred opening excepted).

Article 14. Industries and businesses opening before their registrations have been approved shall be ordered closed or penalized.

Article 15. All secondary business undertakings must be related to the plant's (or firm's) registered primary undertaking.

Any person who alters information on a registration card or lends the same to another shall be punished.

Article 16. Industries and businesses that speculate on price fluctuations, manipulate the market, or otherwise engage in activity detrimental to the social economy shall have their registrations canceled.

Article 17. When information filed no longer applies because of amalgamation, sale of the business, or other reasons, an application for change of registration shall be filed within 15 days after a report of the changes has been submitted to the Bureau.

Article 18. Errors and omissions may be corrected.

STAT

Article 19. A plant or firm desiring to suspend operations shall apply for a cancellation of its registration after a statement of reasons has been submitted to and approved by the Bureau. Arbitrary suspension of any registered enterprise is prohibited.

Article 20. An industrial or commercial enterprise that must liquidate shall file its reasons with the Bureau for approval and apply for cancellation or change of registration.

Article 21. When an industrial or commercial enterprise is closed or suspended by court or government decision, the agency from which the decision originated shall notify the Bureau to cancel the registration.

Article 22. If a registration card is lost or destroyed, the person who executed the registration application shall have the circumstances printed in a newspaper for 3 consecutive days. One week later, he may apply for a duplicate registration card.

Article 23. The responsibilities of the guarantor mentioned under Article 6 and the procedure for withdrawing guaranty are as follows:

1. The guarantor must certify that the industrial or business enterprise in behalf of which it acts is engaged in legitimate business and is capable of observing the laws of the people's government. The guarantor must also certify that the information given on the application form is true and correct.

2. A guarantor firm must wait until the establishment in whose behalf it acts has secured another guarantor before it may withdraw its guaranty.

Article 24. Sole proprietorships shall pay a registration fee of 50,000 yuan; partnerships and corporations, 150,000 yuan; applicants for duplicate registration cards, 50,000 yuan.

Article 25. These articles of procedure do not apply to peddlers and handicraft workers with no fixed address.

Article 26. Before the promulgation of new laws governing industry and commerce, all old laws pertaining to registration and organization shall remain in effect. These articles of procedure, however, supercede all conflicting old laws.

Article 27. These articles of procedure are promulgated and implemented by the Shanghai Municipal People's Government.

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